DOCUMENT RESUME

ED 250 876 EC 171 113

TITLE An Alternative Training and Employment Approach Based on the Model Established by Red Rose Services, Inc., the First and Only Free-Standing, For-Profit Firm in the Nation Owned and Operated by Its Employees Who Are Developmentally Disabled. Final Program Progress Report, 9/29/82-6/30/84.

INSTITUTION Association for Habilitation and Employment of the Developmentally Disabled, Inc., Lemoyne, PA.

SPONS AGENCY Office of Human Development Services (DHHS), Washington, D.C.

PUB DATE 84

NOTE 11p.

PUB TYPE Reports - Evaluative/Feasibility (142)

EDRS PRICE MF01/PC01 Plus Postage.

DESCRIPTORS *Custodian Training; *Developmental Disabilities; *Employment; Industry; *Models; *Small Businesses; Vocational Rehabilitation

ABSTRACT

The report discusses achievements of a project in which the training and employment approach employed in Red Rose Services, Inc., a separate for-profit custodial firm owned and operated by employees (the majority of whom are developmentally disabled), was expanded to operate in five target regions. The project was designed to demonstrate an alternative approach to traditional vocational rehabilitation methods such as the sheltered workshop or pre-employment training programs. The lack of opportunities for establishing custodial contracts in the five areas was one of the obstacles cited. Findings reveal that even during the recent recession, the company was able to compete successfully in the custodial business, stay in operation, and realize a profit. Additional comments focus on employee involvement in running the company, private sector involvement, and marketing of small businesses. The model is seen as a feasible alternative to traditional vocational rehabilitation approaches. Policy implications and recommendations conclude the report. (CL)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION
CENTER (ERIC)
This document has been reproduced as received from the person or organization originating it.
Minor changes have been made to improve reproduction quality.
Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

ED250876

FINAL PROGRAM PROGRESS REPORT
9/29/82 - 6/30/84

GRANTEE NAME AND ADDRESS:

Association for Habilitation and Employment of the Developmentally Disabled (AHEDD), Incorporated
420 Walnut Street
Lemoyne, PA 17043

PROJECT NUMBER: 90DD0024/01

PROJECT DIRECTOR: Jeannine Strom Boyer

PROJECT TITLE:

An Alternative Training and Employment Approach Based on the Model Established by Red Rose Services, Inc., the First and Only Free-Standing, For-Profit Firm in the Nation Owned and Operated by its Employees, Who are Developmentally Disabled.

PROJECT DESCRIPTION AND BACKGROUND INFORMATION

Red Rose Services, Inc. was initiated by AHEDD in 1980 as an economic development effort that would further demonstrate the capabilities of the developmentally disabled in the private sector. Based in Lancaster, Pennsylvania, Red Rose Services, Inc. was incorporated as a separate, free-standing, for-profit firm owned and operated by its employees, the majority of whom are developmentally disabled. Red Rose Services, Inc. represents an alternative training and employment approach to traditional vocational rehabilitation methods such as the sheltered workshop or pre-employment training programs.

In 1982, based on the earlier success of the model, AHEDD contracted with the U.S. Department of Health and Human Services, HDS, to expand the Red Rose Services, Inc. concept. The broad purpose of the project was to expand and operate this model approach on a larger scale to demonstrate that it is a viable training and employment option for the developmentally disabled. The project was initially designed to expand Red Rose Services, Inc. to three Federal Regions. It was proposed that the project would result in the training and unsubsidized employment of 90 developmentally disabled individuals. National dissemination of information was planned to make business, the general public, as well as the vocational rehabilitation community aware of Red Rose Services, Inc. and the alternative training and employment approach it represents.

Shortly after the project was approved, a modification was proposed regarding the target regions. AHEDD was advised to concentrate on expansion in communities closer to the home office of Red Rose Services, Inc. in Lancaster County, Pennsylvania, in order to maximize resources and project monitoring. The modification was approved and therefore the project was implemented in Federal Region II, targeting the communities of Philadelphia, Pittsburgh, Reading, and York, Pennsylvania, as well as Wilmington, Delaware.

EC171113

METHODOLOGY

Instead of creating new model businesses in each targeted area, AHEDD proposed to assist the existing Red Rose Services, Inc. in expansion. The expansion of Red Rose Services, Inc. would create more training and employment opportunities for developmentally disabled persons as well as continue to demonstrate the Red Rose Services, Inc. company model. Therefore, the project was implemented in a cooperative effort between AHEDD and Red Rose Services, Inc. under the condition that Red Rose Services, Inc. could benefit from the growth with minimal financial risks in this process. To expand the company model of Red Rose Services, Inc. to other communities, it was necessary to identify and secure a custodial contract opportunity in the targeted communities. The success of expansion would be directly related to the ability of AHEDD staff to help Red Rose Services, Inc. secure a contract job site where developmentally disabled persons would be trained and employed.

AHEDD chose the five targeted community areas for this project because of the anticipated success in identifying adequate contract opportunities that would provide Red Rose Services, Inc. the resources to expand successfully into these areas. All five communities are located in the states of Pennsylvania and Delaware within one to five hours travel time from Red Rose Services' home office in Lancaster. The communities varied in size from the large metropolitan area of Greater Philadelphia (five counties) to York County which is similar in size and other demographics to Lancaster County (population 250,000).

One staff person from each of the five targeted areas was hired by AHEDD for this project and received orientation and training from both AHEDD and Red Rose Services, Inc. Identifying personnel was a key factor for this project. Staff needed to have the experience, interest and abilities to learn the skills to meet the goals and objectives of two organizations and this very specialized project. They needed to develop training and habilitation skills as well as understand and perform skills needed in the custodial business. These skills included: marketing, bidding, managing contracts, cleaning, training developmentally disabled persons, etc. Once staff were identified and hired, an initial formal orientation and training program was provided for five days. Ongoing training took place throughout the project.

The new AHEDD staff served as representatives for Red Rose Services, Inc. in their community. The initial task for these new employees was marketing Red Rose Services, Inc. to area businesses. In addition, AHEDD staff established working relationships with schools and community-based service organizations to develop a referral pool of developmentally disabled individuals interested in custodial employment. Staff also developed resources for supportive services for participants (e.g. transportation, certifications, etc.).

As potential contract opportunities became available, AHEDD staff, with assistance from Red Rose Services, Inc. and AHEDD's Project Director, completed Red Rose Services' procedure for the bidding process and contract establishment. Once a contract was established, AHEDD staff would be responsible for identifying employees (with Red Rose Services' approval) to perform the contract. On-site training would be provided by AHEDD staff until the new Red Rose Services, Inc. employees obtained desired production/performance levels. Also, AHEDD staff would provide management of the contract until the Red Rose Services, Inc. Supervisors/Managers became trained. AHEDD staff continued with follow-up until Red Rose Services, Inc. employees were managing the contract in a new area independently.

OBSTACLES ENCOUNTERED

The major obstacle for this project was the lack of adequate opportunities for the establishment of custodial contracts which, under this project, would provide the source of employment for developmentally disabled persons. One of the major reasons contract opportunities were limited was because Red Rose Services, Inc. could only afford to accept sizeable contract opportunities that covered all their operational costs in a new area. These costs included labor, supervision, supplies and equipment, and administration. To operate in a new area, the costs are higher because custodial companies (especially small companies) cannot afford to share supplies, labor or supervision with another contract. Therefore, these costs all have to be covered under the one contract and the cost of that contract becomes higher than the going marketable price. The bidding process is very competitive and most custodial companies "streamline" their bids to cover the very basic costs, sometimes cutting out profit or administrative costs just to "win" a bid or contract. They do this if those costs can be assumed through another profitable contract.

The size of a contract acceptable to Red Rose Services, Inc. varied from area to area. For example, the company was better able to accept a smaller size contract in the York area (within 30 miles of Lancaster) because supplies, labor, and administrative costs could be shared with Lancaster contracts. Also, the close proximity of York to Lancaster provided the chance for Red Rose Services' staff to assist AHEDD staff in the management of the contract. The further the distance a contract would be from Lancaster (e.g Philadelphia, Pittsburgh), operating costs would increase and therefore, there was a need for larger contract size to cover costs.

Based on these cost restrictions and the size of a contract that would be acceptable to Red Rose Services, Inc., the actual number of available contract opportunities was limited in each of the targeted project areas. The following is a list depicting company development and contract opportunities during the marketing period starting January 1982 through June 30, 1984.

	Companies Contacted	Acceptable Size Of Contract	Number of Sizeable Companies	Actual Bids	Contracts Established
Philadelphia	325	$50,000	180	11	0
Pittsburgh	335	$65,000	150	9	1 (AHEDD)
Reading	170	$25,000	25	7	0
Wilmington	260	$40,000	45	12	1 (AHEDD)
York	200	$15,000	28	30	2 (RRS)
Totals	1,290		428	69	4

In addition to the number of companies that could offer contracts of adequate size and value, there were some other reasons for the limited opportunities to establish contracts in the targeted expansion areas. Companies were very cautious about doing business with an "out of town" firm, especially a small company such as Red Rose Services, Inc., with no previous experience in

their local area. References are very important to all businesses, especially custodial, and even though Red Rose Services, Inc. had excellent references from contractors in Lancaster County, companies wanted to see local results. Another reason for the limited opportunity was that the competition in each of the local areas did not typically come from other small custodial companies, but rather the larger local, regional and/or national firms. These companies not only had an established reputation but could also afford to submit lower bids.

In marketing Red Rose Services, Inc., AHEDD staff found many other factors that limited success in even obtaining an opportunity to present Red Rose Services, Inc. as a viable option for the company's custodial needs. For example, many companies contracted only with union custodial firms. This was particularly true in Pittsburgh and Philadelphia. In other cases, many of the companies had their own "in-house" services (hired persons directly to perform janitorial services). Also, contracts to clean government buildings almost always required a large and extensive performance bond which is very expensive and very difficult for smaller companies, like Red Rose Services, Inc., to obtain. Poor timing was also a factor in the lack of success in marketing efforts. Most firms contract on a yearly basis, January to December, or July to June. Thus, if a company's contract cycle is missed, there may be another year wait before the opportunity to bid becomes available again. Because the project's targeted date to start marketing was January, most companies had already contracted for that first year of the project.

In marketing Red Rose Services, Inc., AHEDD staff found that in most areas persons representing the competition had many more years of experience in the custodial field than did AHEDD staff. The competitor's experience and knowledge of the local area and their abilities to clean, bid and manage contracts was an advantage in submitting competitive bids. Even with the training and assistance from Red Rose Services' skilled staff, AHEDD's staff experienced the limitations of their own personal knowledge of the custodial business.

The above reasons made it difficult to find adequate contract opportunities for Red Rose Services, Inc. to expand to the targeted expansion areas. However, it should be recognized that the obstacles encountered were primarily due to the nature of the custodial business in general and not because of the unique qualities of the company model Red Rose Services, Inc. represents. Also, there are limitations and risks typical to all small businesses in the expansion process. In fact, in some instances these obstacles were overcome by the initial interest in Red Rose Services, Inc. by the business community because of the unique ownership and operation of the company.

In order to get Red Rose Services, Inc. established in each of the areas, AHEDD implemented some alternative methods to find solutions for the problem of the limited number of sizeable contract opportunities. One alternative included the initial acceptance of small contracts directly by AHEDD until other contracts of adequate value or size could be secured by Red Rose Services, Inc. Thus, AHEDD accepted a small contract in Pittsburgh and a small contract in Wilmington. In both cases, AHEDD planned that a number of other contracts could be established within the project period to provide enough revenue for Red Rose Services, Inc. to assume them.

Although AHEDD was successful in operating the small contracts in both communities, neither of them grew into a larger contract, nor were there other contracts established in those areas. Therefore, Red Rose Services, Inc. did not assume either contract. AHEDD terminated the contract in Pittsburgh in August

1984, and AHEDD staff are in the process of finding other employment for the one employee. The AHEDD contract in Wilmington will terminate the end of September 1984. In this case, the company is strongly considering hiring the three employees as "in-house" custodians because they are satisfied with their work.

Another alternative method AHEDD explored was establishing a new company, based on the Red Rose Services, Inc. model, but one designed to operate a different type of business. While marketing Red Rose Services, Inc. in the Reading community, AHEDD staff became aware of a contract opportunity to package a product for a local manufacturing firm. Using the experience AHEDD staff gained from initiating Red Rose Services, Inc., AHEDD decided to negotiate a contract and start a new company. The majority of the Reading staff's time for three months was spent negotiating with the manufacturer, locating a building, equipment, capital, etc., and incorporating the new business. AVANT became incorporated in January 1984, however, shortly thereafter the opportunity to contract was dropped by the manufacturer. No other appropriate business opportunities have been found in the Reading area to date, so AVANT is not in operation at this time. It is hoped that in the future AVANT can be established as a manufacturing company when the opportunity becomes available.

In 1980, when AHEDD first initiated Red Rose Services, Inc. to be a free-standing, for-profit company, AHEDD staff provided extensive guidance and assistance to help get Red Rose Services, Inc. started. By the time this project began with Health and Human Services in 1982, Red Rose Services, Inc. was a company that had evolved and was complete and independent. By relying on the operational methods that were based on AHEDD's initial involvement with Red Rose Services, Inc., certain management obstacles occured in the implementation of this project. The project was implemented as a cooperative effort between the two companies, however, when the two organizations (with separate management staff, a separate Board of Directors, and separate organizational goals) tried to meet a project's objectives as well as their own separate company commitments, difficulties did occur. The major areas of concern became: 1) no controlling management system to make joint corporate decisions, 2) staff being employed by one organization but responsible to represent both organizations in the local communities and 3) two companies with similar yet different goals, methods, and time tables.

In order to deal with these areas of concern, meetings were held between representatives from both companies (i.e. management and Board members) at various times during the project to attempt to work as cooperatively as possible towards project goals without risk to either organization. To help AHEDD staff learn what was appropriate as representatives for both companies, a general working procedure was formulated. Also, meetings were held regularly throughout the project to clarify roles and procedures between AHEDD staff and Red Rose Services, Inc. staff.

FINDINGS

The objective of this project was to demonstrate the structural model represented by Red Rose Services, Inc., a private for-profit company, as an alternative training and employment approach to traditional vocational rehabilitation approaches. The Red Rose Services, Inc. model has been demonstrated successfully by it's continued operation for over four years. Today Red Rose Services, Inc. is operating nine contracts at a profit. These contracts vary in size and are with diversified businesses such as banking, manufacturing, and insurance as well as government agencies.

Red Rose Services, Inc. has found that one reason the custodial field is very competitive is because it is a relatively easy access type of business. In other words, less capitol is needed for start-up since it is a labor intensive operation versus being an operation that requires high cost equipment, a building, and other overhead costs. During the recent economic recession, competition in the custodial field increased because new businesses entered the market, but also because commercial and industrial organizations decreased their need for custodial contract services in order to cut their operating costs. It is significant to note that even during the recent recession, Red Rose Services, Inc. has been able to compete successfully in the custodial business, stay in operation, and realize a profit.

There are many factors that have resulted in the successful operation of Red Rose Services, Inc. during these four years. The primary factor is the effort and determination put forth by the company's employees. Presently, there are 31 employees working for Red Rose Services, Inc., both in full- and part-time positions. From top management to the general custodians, dedication to their jobs and interest in quality production has maintained contracts and has led to the growth of the company.

Red Rose Services, Inc. employees are more likely to have a vested interest in their company because they are given the opportunity to buy stock in the company and the shares are only held by employees. In addition, employees elect their own representatives to the Board of Directors and also elect representatives from the community. Through the elected employee representatives and Red Rose Services' management representatives to the Board of Directors, all employees can have a voice in making policy regarding the operation of their company. Profits of the company come back to the employees in the form of dividends, bonuses, raises, and benefits. Also, Red Rose Services, Inc. encourages promotion of employees to utilize their talents and abilities to the fullest extent.

Of the 31 total Red Rose Services, Inc. employees, the majority (75%) have a developmental disability. These persons who have a disability have not only had the opportunity to benefit from competitive employment but also the additional benefits available to all the employees of this unique company. Many of these persons who have a developmental disability have gained valuable working experience, knowledge of how a company operates, and improved decision making skills. In Lancaster and York where Red Rose Services, Inc. has contracts, many parents of the employees, community-based service organizations, and the business community have recognized the abilities of these persons who have a developmental disability and the benefits that working for this unique company (Red Rose Services, Inc.) presents for these individuals.

Even though employees have benefited from working for this unique company, many of the employees experience frustration due to problems inherent to the custodial business. Some of these problems are: having to work part time hours or night and weekend shifts, minimum wages, and contract insecurity which can mean job insecurity. Most of these problems result from the nature of the competitive custodial market. At times these problems can outweigh the benefits of working for Red Rose Services, Inc. However, in many cases where company employees have left Red Rose Services, Inc, they have used their training and experience gained at Red Rose Services, Inc. to upgrade their vocation by finding full time employment with better pay. Even though persons leaving Red Rose Services, Inc. can create turnover problems, the company has encouraged it's

employees to advance their careers.

In addition to the employees playing a primary role in the success of Red Rose Services' operation, the volunteer members of the Board of Directors have provided the necessary support and expertise needed to assist the employees in operation of the business. Private sector involvement played a major role in the initial incorporation of the company and the four years of operation. Originally, Red Rose Services, Inc. became established as a business because of the interest of persons from a Lancaster bank in the hiring of individuals who have a developmental disability to perform custodial services. Through a cooperative effort of bank personnel and AHEDD staff, the idea of a company owned and operated by its employees, the majority having a developmental disability, became a reality. Since the original incorporation of Red Rose Services, Inc. more than four years ago, other people from the business community have become interested in Red Rose Services, Inc. and have volunteered their time as Board Members. These Board Members provide Red Rose Services, Inc. with technical advice with respect to their profession/business (e.g. legal, financial, marketing, supplies, etc.).

In addition to the support of the volunteer Red Rose Services, Inc. Board members, Red Rose Services, Inc. has gained knowledge and assistance from the companies with whom Red Rose Services, Inc. contracts. Some company representatives have been able to provide Red Rose Services, Inc. with marketing leads and references. These persons have also gained through their company's relationship with Red Rose Services, Inc. Some of them have demonstrated a personal interest in learning more about the unique structure of Red Rose Services, Inc. and the capabilities of the developmentally disabled. As a result of Red Rose Services' quality work and dependable employees, these company representatives have gained an understanding and respect for the abilities of the developmentally disabled.

A major finding through implementation of this project is the process of evolution that Red Rose Services, Inc. experienced and the changing relationship with the founding organization, AHEDD. More than four years ago, Red Rose Services, Inc. was established as a free-standing, for-profit organization to accentuate the separation from the founding non-profit organization, AHEDD, and demonstrate that developmentally disabled persons can successfully participate in the ownership and operation of a company. Persons from the business community were asked to provide their expertise as they might with any profit making company through participation on the Board of Directors. AHEDD staff also have provided guidance and assistance by participating as Board members. Since that time, as Red Rose Services' employees have grown into management positions and assumed operational responsibilities, the need for assistance from AHEDD staff and other Board members has decreased.

The distinction of Red Rose Services, Inc. and AHEDD, Inc. as two separate and free-standing companies has made AHEDD's implementation of the demonstration project difficult. The expansion of Red Rose Services, Inc. as outlined in AHEDD's project did not fit with the evolutionary process of Red Rose Services, Inc. AHEDD staff learned through the implementation of the project that it would have been more conducive to have Red Rose Services' employees responsible for a more natural marketing and growth process. This would better demonstrate the capabilities of the new company and offer more secure employment opportunities for the developmentally disabled.

AHEDD was successful in helping to expand Red Rose Services, Inc. to one new

area, York, Pennsylvania, through which two contracts resulted in employment for five persons who have a developmental disability. In addition, through the AHEDD cleaning contracts established in Pittsburgh and Wilmington, five other persons who have a developmental disability became employed and gained important work experience. A total of ten persons who have a developmental disability had the opportunity to be trained and employed through this project. Because of the obstacles previously explained, AHEDD did not reach the original project goals of helping to expand Red Rose Services, Inc. to all five targeted areas. Therefore, the employment opportunities did not become available for the targeted 90 developmentally disabled persons.

Extensive knowledge was learned through implementation of this project regarding marketing of a small business. The majority of AHEDD staff's time was spent in marketing Red Rose Services, Inc. in order to establish contract opportunities in the targeted areas. As examples, the following three marketing techniques have been specifically important knowledge learned as it relates to this project: 1) carefully evaluate the market, 2) learn the appropriate timing for introducing the product/service in the market, and 3) know the product/service. Although these are rudimentary marketing techniques, they may be overlooked by a non-profit organization which is seeking to establish or expand a business to provide employment opportunities for the developmentally disabled.

AHEDD staff learned that carefully evaluating your market area prior to targeting a business or expansion of a business is extremely important. Based on the knowledge learned about each targeted expansion area during the project period some of these communities would not have been originally targeted. For example, Wilmington was found to be an extremely competitive area for the custodial business because Wlmington is the "hub" of Delaware and the majority of all Delaware business is in Wilmington. Also, many Delaware companies have long term custodial contracts which they are not interested in changing because of personal or in-state commitments. As another example, in Pittsburgh, the majority of sizeable custodial contracts are controlled by the unions. In these cases, either the contracts are held by unionized custodial companies or building owners directly hire union people to clean the buildings. AHEDD staff have found that it takes a long time to evaluate a market and that it is advantageous to know well the needs of the local communities prior to any marketing.

Timing is extremely important in marketing. In order to be successful at marketing, the needs of the buyer must most often be met right at the appropriate time in order to make a sale. In the custodial business, services are usually purchased on a yearly contract basis. The timing of this project was not appropriate for identifying and establishing contracts when the majority of opportunities were available. AHEDD staff were hired to start marketing in January of 1983 and most custodial contracts begin in January. In addition, marketing of most any business takes time to build a credible reputation. AHEDD staff have learned that this project period was too short of time to find appropriate contract opportunities and attempt to build a credible reputation for Red Rose Services, Inc. in each community.

AHEDD staff have learned that to know their product (service) well would have given them more confidence and the competitive edge in marketing. The staff hired for this project had limited custodial experience and were just newly trained in Red Rose Services' marketing and bidding procedures. As a result, AHEDD staff experienced frustration with the limited knowledge and experience they possessed of both Red Rose Services, Inc. and the custodial field and felt

it affected their marketing capabilities.

FEASIBILITY

AHEDD found that the design of this project had several deficiencies and that many obstacles were encountered. Therefore, many of the original program goals were not reached. However, replicating the company model that has been demonstrated by Red Rose Services, Inc. over the past four years is very feasible. It offers one of many economic development opportunities for developmentally disabled persons as an alternative to traditional vocational rehabilitation approaches. This same company model can be used in many different types of businesses and provide employment as well as operation and ownership options to persons whom have a developmental disability.

Much knowledge was gained through the implementation of this project that will be helpful to AHEDD and other organizations attempting to initiate new companies based on this model approach. Presently, AHEDD's Project Director is writing a "how to" manual based on the experience AHEDD gained from initiating Red Rose Services, Inc. as well as the knowledge gained from operating this project. The "how to" manual focuses on the mechanics of creating a company and the evolutionary relationships between the founding organization and the new company. Topics included are: targeting a business, financing, management, company structure and composition, personnel issues, and general operations. This manual is scheduled to be available by the end of the 1984 calendar year to individuals from non-profit/governmental organizations (e.g. human services, rehabilitation services, education) and individuals from the business/professional community. The emphasis of the manual is geared to provide information to individuals/organizations who plan to structure a company based on the Red Rose Services, Inc. model that can be implemented in many types of service and industrial businesses. Dissemination efforts will be made nationwide to inform organizations that the manual is available. This "how to" manual will be available to anyone who requests the information.

POLICY IMPLICATIONS

Based on the findings of this project and the demonstration of the company model established by Red Rose Services, Inc., this economic development effort is an employment and training alternative for developmentally disabled persons. However, further research and demonstration is needed to explore other types of businesses (e.g. manufacturing, packaging and other types of services) using this model concept, as well as the continued exploration of other organizational structures to be used in economic development. The more models available with which to make comparisons will help future economic development efforts and provide more choices for the developmentally disabled population. For example, to help economic development efforts, HHS program and administration emphasis could be placed on helping organizations identify sources for capital to start new companies. Also, assistance is needed to identfy technical advice. Because of the uniqueness of this project and AHEDD staff not being familiar with any similar projects funded by HHS, it was difficult to know where to find assistance and technical support. AHEDD staff are aware of a few businesses for the developmentally disabled operated as non-profit organizations, but are not aware of other for-profit companies owned and operated by employees, the majority being developmentally disabled.

It is also recommended that the Health and Human Services grants management staff spend more time and be closer to grant projects. As a result, they could

provide appropriate guidance and coordination with other projects as well as other federal agencies. With research and demonstration of economic development projects, coordination with the Small Business Administration (SBA) and Department of Labor may be useful as well as coordination with other Federal agencies serving the developmentally disabled population. One of the areas that should be reviewed with the SBA is the definitions of what constitutes a "minority company" and handicapped owned company and how this may affect business opportunities or government contracts. Also, directly related to this project was the problem that most government (local, state, federal) custodial contracts required performance bonds. These bonds are difficult for a small business to obtain because the bonding terms are high, they are expensive, and insurance companies are very reluctant to risk guaranteeing the performance of a small business. Government coordination on special problems such as these could result in waivers, set aside contracts, or other types of solutions to such obstacles.

CONCLUSIONS

AHEDD, Inc. gained valuable information in the performace of the HHS grant that can aid AHEDD as well as other non-profit organizations in future economic development efforts for the developmentally disabled. The nature of the custodial business and the current size of Red Rose Services, Inc. made it difficult to expand Red Rose Services, Inc. during the time span of this grant to so many new areas in order to employ 90 new developmentally disabled persons. However, Red Rose Services, Inc. did experience moderate growth and has continued to maintain its other contracts, thereby demonstrating that such economic development models are viable.

It is recommended that organizations/individuals from non-profit/government agencies as well as individuals from the business community be encouraged to initiate companies where persons who have a developmental disability can have the opportunity to work in unsubsidized competitive employment and also participate in ownership and operation of the company. Continued demonstration and research are necessary in order to examine many types of businesses and company structures to offer various choices to founding organizations and developmentally disabled persons. Based on AHEDD's findings, AHEDD staff could be available to HHS administrative and program staff to provide information for reviewing and implementing new economic development projects.

Dissemination of information and continued education to developmentally disabled individuals, parents, community-based organizations, and the business community nationwide is necessary in order to provide the alternative vocational rehabilitation choices for the developmentally disabled population nationwide. Emphasis on using the combined expertise of the business community and human service professionals in a partnership approach will help increase the successful operation of any new economic development efforts.